



TEXAS DEPARTMENT OF TRANSPORTATION



TEXAS MARITIME UPDATE

Texas Transportation Commission Workshop

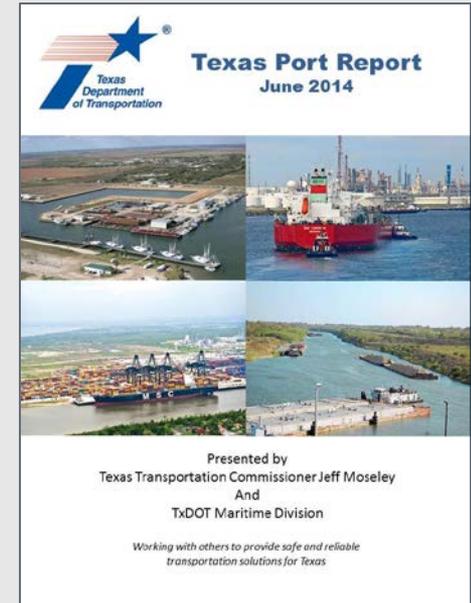
June 25, 2014

Texas Ports Tour

- First time the state has embarked on a statewide tour and formal in-depth examination of Texas ports
- For some ports, the first visit from a Transportation Commissioner
- Documented each port's assets and challenges in order to identify strategic investment opportunities

Report Highlights

- Texas is a national leader in maritime commerce
- Each Texas port is unique
- Majority of goods movement is intrastate or foreign
- Eagle Ford Shale impact
- Liquid natural gas (LNG) export opportunity
- Texas is one of the only coastal states that does not invest directly in ports



Port Report Components

Primary Components of the Report

- Asset matrix
- Questionnaires
- Finance
- Topics for future consideration

Secondary Components of the Report

- Port profiles
- Overview of macroeconomic trends affecting Texas ports
- Overview of Texas's maritime trade
- Glossary of maritime terms

Methodology

- Interviews
- Questionnaires
- Data from port, federal and state sources



Port Report – State of Texas Ports

Between 2007 and 2011, Texas's public ports and private terminals ranked:

- Second in the nation for the total tonnage of cargo handled
- Second in the nation for foreign cargo shipped
- First in the nation for foreign cargo tonnage received
- First in the nation for intrastate maritime tonnage



Port Report – State of Texas Ports

- Mexico is Texas's largest foreign maritime trading partner
- Louisiana is Texas's largest domestic maritime trading partner
- Seventy percent of maritime cargoes handled in Texas was crude oil or petroleum products, while 15 percent of the total was chemicals
- Texas ports handled more than two million twenty-foot equivalent units (TEUs) of intermodal cargo during 2013



Port Report Recommendations

- Explore infrastructure investment opportunities
 - Examples include landside access projects, overweight truck corridors, etc.
- Provide leadership for Texas dredging needs
 - TxDOT's leadership and influence desired more than its money
- Port infrastructure funding
 - Consider opportunities to assist ports without diminishing current landside efforts

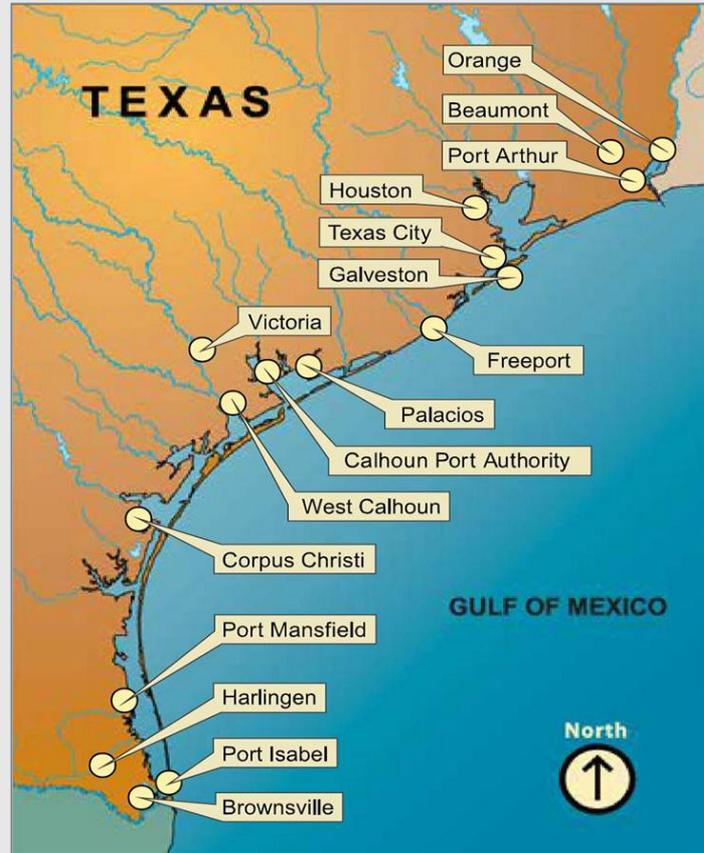


Port Report Recommendations

- Maintain a transportation system approach
 - Leverage the Gulf Intracoastal Waterway (GIWW) as a tool to manage congestion and moderate truck traffic
- Encourage commodity diversification at Texas ports
- Strengthen relations with local port authorities and administrations
- Pursue further study of critical maritime issues
 - Examples include public-private partnerships, critical macroeconomic and maritime industry trends, etc.



Texas Ports



Mission Statement

The Maritime Division's strategic goal is to promote the development of high value growth in Texas' maritime system

Goals

- Promote the development and intermodal connectivity of Texas ports, waterways and marine infrastructure and operations
- Serve as a resource to increase the use of the Gulf Intracoastal Waterway
- Promote waterborne transportation to maintain Texas's economic competitiveness

Maritime Division Initiatives

Key Ongoing Initiatives to Support Goals

- Texas Port Report
- Port Capital Program
- Gulf Intracoastal Waterway Master Plan
- WRRDA analysis
- Corps Partnerships



Port Capital Program

- Currently being updated by the Port Authority Advisory Committee (PAAC)
- Will be presented to the Texas Governor, Lt. Governor and Speaker of the House in December 2014
- Will take a strategic approach by:
 - Prioritizing port capital projects of statewide significance
 - Including an economic impact for state funded port projects
 - Providing a potential roadmap for state investments in our ports



Gulf Intracoastal Waterway (GIWW) Master Plan

- TxDOT is the non-federal sponsor of the GIWW
- Contracted with Texas Transportation Institute to develop a master plan
- The master plan will describe:
 - Challenges to the GIWW
 - Costs of not addressing those challenges
 - Shortfall in federal funding levels
 - Potential funding sources to fill the funding gap
- Brazos River Floodgates represent the greatest challenge in terms of safety and efficiency anywhere on the entire GIWW



Brazos River Floodgates

- Antiquated structure of the gates is not adequate to accommodate modern waterway operations, causing inefficiencies and safety concerns
- Cost of tripping/impacts: Over \$12 million per year



U.S. Army Corps of Engineers Partnership

- Partnering with the U.S. Army Corps of Engineers to accelerate rehabilitation or reconfiguration project would significantly reduce costs to barge operators as well as decrease Corps operating and repair costs
- The earliest the Corps would have funds available is 2016; partnership can accelerate project by nearly two years
- Partnership approach could also be used with the Colorado River locks
- The Colorado River locks do not present the same level of safety concerns as the floodgates with 1/6 the number of impacts, but are just as narrow and antiquated
- Colorado River challenges include perilous river currents and water level differential between the river and the GIWW





WATER RESOURCES REFORM & DEVELOPMENT ACT (WRRDA) UPDATE

Texas Transportation Commission Workshop

Water Resources Reform and Development Act (WRRDA)

- Seven years since last WRDA bill – should be on a two year authorization cycle
- Passed overwhelmingly in both Houses in a bipartisan effort
- Fiscally sound bill that will create jobs, spur economic development, provide for expansion of international trade, and reform bureaucracy

Highlights:

- Harbor Maintenance Trust Fund - Establishes a pathway to full use of the Harbor Maintenance Tax (HMT)
- Corps Process Streamlining – Eliminates requirement for a reconnaissance study, limits feasibility studies to three years and \$3 million
- Local Sponsor opportunities – Allows local, non-federal interests to contribute their own funds to advance studies/projects and expedite the permitting process
- Innovative Finance Opportunities – Creates a Public Private Partnership (P3) Pilot Program and a Water Infrastructure Finance Innovation Act (WIFIA) program

- GIWW Assessment – Requires the Corps to conduct an assessment of the operation and maintenance needs of the Gulf Intracoastal Waterway (GIWW)
- Streamlining of the Corps process and new innovative opportunities will allow Texas port improvement projects to move faster with additional federal funding
- Changes also provide TxDOT as the local, non-federal sponsor of the GIWW more opportunities to partner with the Corps for waterway improvements
- Project Authorizations - The Corps - Galveston District received authorization for dredging three Texas port channels. Federal funding would need to be appropriated each year on an ongoing basis. Project costs will be shared by the Corps and the local sponsor.
 - These three projects will provide navigation infrastructure improvements needed to remain competitive on a global level. All three deepening projects will help to accommodate larger, deeper draft ships transiting the newly expanded Panama Canal

WRRDA Project Authorizations

Freeport Harbor Improvement Project: Deepen from 45 to 55 feet to become the deepest channel in Texas

- Will support future LNG export opportunity
- Deeper channel will reduce the need to light load vessels in the Gulf in order to access port facilities

Corpus Christi Ship Channel Improvement Project: Deepen energy hub channel from 45 to 52 feet

- Will use beneficial use dredge material to create shallow water habitat that also functions as barge shelves to greatly enhance safety and reduce risk of collisions

Sabine Neches Waterway Channel Improvement Project: Deepen from 40 to 48 feet

- Will support the US #1 crude oil import channel and commercial military out load port
- Channel supports the Ports of Beaumont, Port Arthur and Orange

Sabine Neches Waterway Partnership

- Sabine Neches Navigation District requested financial assistance from the state to help with local cost to deepen waterway
- TxDOT is currently working with the Navigation District and the Corps to explore opportunities for partnership

Project Benefits

- Allow larger ships to reach local ports
- Take advantage of Panama Canal expansion
- Keep Texas competitive with other U.S. ports
- Secure area's future as America's Energy Gateway and the nation's largest military out-load port
- Create over 100 permanent jobs and generate over \$108 billion in new economic business activity for Texas



- Enhanced Partnership Agreement
 - TxDOT and the Corps are working together to launch a newly enhanced partnership agreement that will take advantage of provisions in WRRDA to deliver critical Texas GIWW improvements faster
 - The first project will be the Brazos River Floodgates, but not far behind will be efforts to increase funding for dredging the GIWW, the Colorado River Locks, and additional safe mooring sites along the waterway
- Public-Private Partnership Opportunities
 - Sabine Neches Waterway chosen as one of three projects nationwide the Corps is considering for the P3 Pilot Program
 - TxDOT will assist the Corps and the Sabine Neches Navigation District in exploring a P3 model to deliver the much needed channel improvement project

Questions?